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WEEK'S EVENTS IN REVIEW

NEWFOUNDLAND REFERENDUM: The Prime Minister, Mr. King, made a statement in the House of Commons Thursday on the impending Newfoundland referendum. He said in part:-

"We have been advised by the United Kingdom Government that a statement is to be issued today in Newfoundland announcing that the people of Newfoundland will be given the opportunity shortly to vote in a referendum on their future form of government. Three questions will be submitted to the people: continuation of Commission Government for a five-year period; restoration of responsible government as it existed in 1933 prior to the establishment of Commission Government; and confederation with Canada. If no form of government receives an absolute majority, a second vote will be held some time later on the two forms receiving the largest support.

"The decision to include confederation on the ballot having been taken by the United Kingdom Government, the outcome will be watched with deep interest by the people of Canada. The question as to their future form of government is, of course, one for the people of Newfoundland alone to decide. Neither the government nor the people of Canada would wish to influence in any way their decision. Should the people of Newfoundland express clearly their will that Newfoundland should enter confederation, I am sure that the people of Canada will welcome them as partners in a larger Canada. Should they decide otherwise, this decision, I am no less sure, will be received with understanding and respect by the people of Canada."

BAR COMMUNISTS: The Secretary of State for External Affairs, Mr. St. Laurent, in the following exchange, announced in the House of Commons Thursday, the Government's decision to refuse entry into Canada of alien communists:-

Mr. A.L. Smith (Calgary West): I should like to repeat a question I have asked for the last two days, as to what has been done or what is the Government policy with respect to the exclusion of known communists at our ports of entry.

Mr. St. Laurent: Mr. Speaker, I did not prepare any special answer to the question, but I can say this much. The sections of the Act and the regulations have been under review by the members of the Government in the light of known conditions with respect to certain persons who could be described as known communists, who were believed to be coming to Canada for the purpose of exercising here activities which under the Taft-Hartley Act they can no longer exercise in the United States. The decision has been that the immigration officers are to be asked or directed to take the view that under the existing law and regulations such persons are not admissible to Canada.

The position is simply that we have no more authority at the present time because of this view taken by the Government than we had before, but that the present circumstances, known to us at this time, seem to make the law and the regulations applicable in such a way as to prevent the granting of entry to Canada to such persons.

INTERNATIONAL WHEAT AGREEMENT

BASIC TERMS ANNOUNCED: Agreement has been reached among the representatives of 36 countries on the terms of an international wheat agreement, which was opened for signature in Washington March 6, the Minister of Trade and Commerce, Mr. Howe, has announced.

The agreement is in the nature of a multi-lateral bulk contract and contains the following basic terms:

1. Operation for a period of five crop years, commencing August 1, 1948.

2. Prices on specified quantities to be within the following price ranges, basis No. 1 Manitoba wheat in store Fort William/Port Arthur:

1948/49	-	\$2.00 - \$1.50
1949/50	-	\$2.00 - \$1.40
1950/51	-	\$2.00 - \$1.30
1951/52	-	\$2.00 - \$1.20
1952/53	-	\$2.00 - \$1.10

Equivalent prices are to be fixed on wheat in other locations and in other countries.

CANADA'S SHARE IN THE PACT

3. Canada, United States and Australia, the three exporting countries party to the agreement, collectively undertake to sell 500 million bushels of wheat to the 33 importing countries if required by those countries at the ceiling prices. Canada's share in the 500 million bushels is 230 million bushels, the United States' share 185 million bushels, and the Australian share 85 million bushels. The importing countries in return collectively undertake to purchase 500 million bushels of wheat each crop year from the three exporting countries if the latter desire a market for that quantity at the floor prices provided in the agreement. These quantities include flour in terms of wheat.

4. Provision is made for the negotiation of narrower price ranges in the third, fourth and fifth years of the agreement if mutually acceptable to the exporting and importing countries, otherwise the floors and ceilings as stated above for these years will prevail.

THE IMPORTING COUNTRIES

5. The importing countries and the quantities they undertake to purchase at the floor prices and have the right to buy at the ceilings, are as follows, in thousands of bushels:

Afghanistan	735
Austria	18,739
Belgium	23,883
Brazil	19,290
China	14,697
Colombia	2,205

Cuba	8,267
Czechoslovakia	1,102
Denmark	1,470
Dominican Republic	735
Ecuador	1,102
Egypt	6,981
French Union and Saar	35,824
Greece	18,739
Guatemala	367
India	27,557
Ireland	13,227
Italy	36,743
Lebanon	2,756
Liberia	37
Mexico	7,349
Netherlands	30,680
New Zealand	5,511
Norway	7,532
Peru	4,042
Philippines	6,246
Poland	1,102
Portugal	4,409
South Africa	6,430
Sweden	2,756
Switzerland	7,349
United Kingdom	179,930
Venezuela	2,205

The quantity for the United Kingdom includes requirement for British territories such as Newfoundland and the British West Indies.

INTERNATIONAL FLOOR PROTECTION

In commenting on the agreement, Mr. Howe pointed out that the three exporting countries in return for selling 500 million bushels of wheat annually at prices not above \$2.00 over the next five years had secured international floor price protection for their producers over the same period. Canada's quantity of 230 million bushels represents her total normal exportable surplus. The importing countries in return for guaranteeing floor prices had assured themselves fixed supplies at prices not over \$2.00. Although Argentina and the U.S.S.R. are not parties to the agreement, whatever wheat transactions take place between these exporters and the signatory importers must be in addition to the importers' undertakings within the agreement. Canada, the United States and Australia remain free to sell any additional quantities they may have for sale outside the terms of the agreement. By balancing the interests of both producing countries and consuming countries in an agreement covering the bulk of the world's trade in wheat, Mr. Howe stated that the agreement represented a major development in international economic cooperation.

INTERNATIONAL CONTROL OF ATOMIC ENERGY

GEN. McNAUGHTON OUTLINES POSITION: Gen. A.G.L. McNaughton, permanent representative of Canada to the United Nations, addressed the New York Herald Tribune Forum for High Schools, New York, March 6, on the "Present Position in regard to International Control of Atomic Energy".

He said that when the United Nations Atomic Energy Commission first met in New York in June 1946, it was presented with two different plans for control of atomic energy, one proposed by the United States and the other by the Soviet Union.

THE TWO PLANS COMPARED

The United States proposals called for the formation of an International Atomic Development Authority which would foster beneficial uses of atomic energy and would control atomic activities in all nations either by direct ownership management or supervision, in the case of activities potentially dangerous to world security, or by a licensing and inspection system in the case of other activities. This system of control would be set up by stages and after it was in operation, the manufacture of atomic bombs would stop. Existing bombs would be disposed of, and the world authority would be given information regarding the production of atomic energy. In addition, the U.S. proposal emphasized that the veto of the Great Powers in the Security Council should not apply in the event that any nation was charged with having violated the international agreement not to develop or use atomic energy.

The proposals made by the United States, Gen. McNaughton commented, accord very closely with the views of the Government of Canada, and of many other nations in the Western World as to how atomic energy might be brought under control.

The Soviet Plan differed fundamentally. It proposed the immediate outlawing of the atomic bombs and the destruction of all existing stocks of atomic weapons within a three month period. To this end, the Soviet delegate tabled a draft convention which, he said, should be negotiated forthwith as the first step towards the establishment of a system of international control. The Soviet delegate was prepared to discuss methods of control and inspection but he maintained that the immediate prohibition of atom bombs must come first. In recent discussions of the Soviet proposals, he had again made this point very clear; he held that this prohibition convention must be signed, ratified and put into force before the Soviet Union would agree to any system of control.

General McNaughton continued: The idea that the menace to world peace presented by the atomic bomb could be solved merely by the signing of an international agreement to pro-

hibit its use or manufacture seems very unreal. The experiences of the last twenty-five years have shown that international agreements alone are not enough to safeguard the peace. The prohibition of the use and manufacture of the atomic bomb at the present time would merely seriously reduce the military strength of the United States, the only nation now in possession of atomic bombs, at least on any scale which would suffice to make atomic war. It would be an act of unilateral disarmament which would give no assurance that any country engaged in atomic energy activities would not or could not make and use the bomb in the future. Fissionable material, the essential substance for such peaceful applications of atomic energy as the development of industrial power, is also the explosive element of the bomb, and in the absence of effective inspection and control could readily be diverted clandestinely from peaceful to military uses by a nation secretly preparing for atomic war.

For these reasons, most members of the Commission were in general agreement with the principles of the United States proposals. They considered that the prohibition of the use or manufacture of the atomic bomb should form part of an over-all control plan, so that when such prohibitions were put into effect they would be accompanied by the applications of safeguards such as international inspection of all countries to ensure that no secret activities in atomic energy were in progress.

NEW APPROACH DECIDED

After weeks of discussion along these lines, the Commission decided to seek a new approach to the problem by a study, in committee, of the available scientific information, to determine whether an effective control of atomic energy was feasible. This study resulted in a unanimous report by the scientists of all nations represented on the Commission that "they did not find any basis in the available scientific facts for supposing that effective control is not technologically feasible". With this conclusion before it, the Commission then proceeded to discuss the safeguards that would be required at each stage in the production and application of atomic energy to ensure its use only for peaceful purposes.

The Commission's findings were set out in detail in its First Report which was approved on 31 December, 1946, by a vote of 10 to 0, with the Soviet and Polish Delegations abstaining. In this Report, the Commission pointed out that as all applications of atomic energy depended on uranium and thorium, control of these materials was an essential safeguard.

The Commission, therefore, recommended international inspection of all mines, mills and refineries to prevent possible diversion of materials to the making of atomic bombs. As

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the materials assumed a more concentrated form and were therefore more directly applicable to bomb making, the Commission believed that the controls would have to be even stricter. They considered that at least certain plants producing substantial quantities of fissionable material should be placed under the exclusive operation and management of the international authority.

COMMISSION'S SECOND REPORT

The Second Report of the Atomic Energy Commission was approved by the Commission on 11 September last and sent forward to the Security Council. Ten nations voted in favour, the U.S.S.R. voted against and Poland abstained.

The Report contains specific proposals as to the powers and functions which an international agency would need to have. Particular consideration has been given to a system of checks and balances to be applied to the operations of the proposed Agency through the Security Council, the General Assembly or the international Court of Justice as appropriate. These limitations have been worked out so as not to impede prompt action by the Agency wherever this may be required but at the same time to make the Agency "responsible" in the sense that we use this term in reference to our Cabinet system of Government in Canada, that is to check any arbitrary and unnecessary use of authority and to provide for methods whereby any complaints against the Agency or its staff can be fully investigated and corrected. I think I can claim that the proposals in this Second Report are fully in accord with this democratic concept and yet that they do not compromise the powers needed to be exercised by the Agency in any way.

BASIS FOR EFFECTIVE CONTROL

On behalf of Canada I had the authority to state that in our view these proposals, together with the General Findings and Recommendations of the First Report, provide the essential basis for the establishment of an effective system of control to ensure the use of atomic energy for peaceful purposes only and to protect complying states against the hazards of violations and evasions.

As I have said this view is shared by nine out of the eleven nation members of the Commission. On the other hand, the delegate of the U.S.S.R. expressed his continued opposition. He reiterated his view that no progress had been made because the report did not provide a solution for what he described as the urgent problem of prohibiting atomic weapons and particularly for the early destruction of the U.S. stocks of atomic bombs. He objected also to the ownership of fissionable material, and of plants for its processing and use, being vested in an international authority which he held to be both unnecessary and contrary to the principles of national sovereign-

ty. He took similar objection to the proposals for the licensing of non-dangerous atomic energy activities which the majority of the Commission felt should be supervised by the Agency although their operation had been entrusted to a national authority.

The Soviet delegate thought that some system of "quotas" would suffice and he said that this proposal had not been sufficiently explored. The only point on which the Soviet seemed to have moved forward from the position which had been taken at the time of the First Report was in relation to inspection and control which the Soviet now conceded must be international in scope and organization with personnel who are international. However it is clear that by international control and inspection the U.S.S.R. merely contemplates occasional or periodic inspection rather than the detailed continuous process which the other members of the Commission believe to be essential for security.

DISCUSSIONS CONTINUED

Since the beginning of the year the discussions have continued and some progress has been made in clarifying ideas in respect to the form and scope of the International Control Organization which would be required if the majority proposals developed in the Commission were to be put into effect. Fully half the time and attention of the members of the Commission have been devoted to a meticulous re-examination of the Soviet proposals in detail to make abundantly certain that no possible misconception of their purport should stand in the way of agreement. However it is evident that this is not the case and that there thus remains a very wide gap between the views of the U.S.S.R. now echoed by the Ukraine and those of the rest of the Commission. I do not think that we should be unduly cast down on this account, and we should certainly not underestimate the value and the significance of the progress which has been made.

When the Commission began its sessions in June of 1946, now some eighteen months ago, there was little to go on beyond a conviction that the dread potentialities of atomic war needed to be brought under effective international control. Since then the problem has been examined in its many intricacies and multitude of aspects. Gradually a consensus of opinion has formed and found expression until today nine nations out of eleven believe that they have found the right path forward. The circumstances that the U.S.S.R. does not yet agree should not be regarded too seriously at this stage. As a matter of fact the delegate of the U.S.S.R. has made substantial contributions to the discussion and at the least the U.S.S.R. has formed an anvil on which the rest of us have had an opportunity to forge and hammer out the conclusions we have now reached.

Up to date we have been more anxious that the U.S.S.R. should continue to be represented

in the discussions and less concerned that they would at once agree to the majority proposals. I think I can claim that we have felt so convinced of the necessity for proper control and we are now so genuine in our belief as to how it must be brought about that we feel that something of this sincerity must find its way through to the people of Russia. It is a fact that no people would benefit more than they would from what we have proposed and so both on the grounds of benefit from the peaceful application as well as of security it is not too much to hope that eventually a way will be found to traverse the opposition of those who presently control the policy of the Soviet.

It is true that at present it is impossible to obtain agreement on the methods for control; the recent discussions on the Soviet proposals have shown that they are unprepared to yield on certain points which the other nations hold as essential constituents in any satisfactory plan. But it seems that the Soviet objections arise from the fact that, in the tension and mistrust of the world situation as it exists today, they evidently do not feel that they can give up, to an international body in which nations they consider unfriendly to them are bound to be in the majority, the degree of authority which the other nations are convinced is essential for security.

U.N. EFFORTS MUST CONTINUE

There are some grounds for hope, therefore, that in the future, when the nations of the world may be less sharply divided and when the United Nations does in fact represent a body unified for the purposes of peace, it will be possible to convince the U.S.S.R. that the plan for the control of atomic energy put forward in the reports of the Atomic Energy Commission does in truth represent a proper basis for the elimination of atomic warfare and that it is not a plan to maintain the domination of certain nations. At that time we may hope that the Soviet will be prepared to discuss these proposals with a more open mind and that, with perhaps a few modifications, they will then accept their implications.

The United Nations must, in consequence, continue their efforts to develop this plan for complete security so that when times become propitious it can readily and quickly be brought into effect.

BIRTHS AND DEATHS: Live births in Canada during the first six months of 1947 numbered 185,173, giving an equivalent annual rate of 29.7 per 1,000 population as compared with 159,433 births and a rate of 26.2 for the first half of 1946, according to the Dominion Bureau of Statistics. Stillbirths numbered 3,862 or 20.9 per 1,000 live births as against 3,549 and a rate of 22.3. Deaths totalled 59,132 with a rate of 9.5 compared with 60,318

and a rate of 9.9. The natural increase for the half-year period was 126,041 as against 99,115, and the rate rose from 16.3 to 20.2

U.K. IMPORT QUOTAS

COVER 192 ITEMS: Advice of quotas allocated under the 1948 schedule of the United Kingdom token import scheme, instituted in 1946, has been mailed to some 225 eligible Canadian firms by the Export Division of the Department of Trade and Commerce.

In accordance with the recent announcement by the British Board of Trade, quotas for 1948 will cover 192 items and will be maintained at 20% of the average pre-war imports during the basic period from 1936 to 1938 inclusive. Any Canadian exporter having a pre-war market in the United Kingdom for any of these commodities is now assured of obtaining British import licenses for token shipments. Shipments may commence immediately, and the Export Division of the Department of Trade and Commerce will approve and certify token shipment vouchers for eligible exporters up to the full amount of each quota. Any unfilled balances remaining from 1947 quotas must be cleared through the British Customs by March 31.

Two items, leather footwear and manufactures of mulga wood, have been added to the previous list. The following eight items have been deleted: Outboard motors, portable electric generators, damask table linen, greeting cards, snapshot mounting corners, paper towels and napkins, furniture of bamboo canes, wickerwork, or similar material, and lighter flints. Headings of five items have been revised to read as follows: Proofed clothing of all kinds; leather gloves, not including industrial gloves; cotton, boot, shoe and corset laces and braid; waterproof rubber footwear of all types; men's felt hats, unlined. The effect of the revisions is to exclude industrial gloves and men's lined felt hats, while including corset laces and braid, and several types of women's rubber footwear.

The complete list as revised will appear in the March 13 issue of "Foreign Trade", weekly publication of the Department of Trade and Commerce.

JANUARY EXTERNAL TRADE: External trade of Canada in January was valued at \$445,200,000, down about \$20,000,000 from the December total but almost \$61,000,000 above the figure for January last year, according to the Dominion Bureau of Statistics. The month's total was about \$3,600,000 below the monthly average for the calendar year 1947.

Imports for consumption from all countries in January were valued at \$206,100,000 as against \$194,200,000 in December and \$173,800,000 in January, 1947. The total for January this year was about \$8,400,000 below the

REPORTED IN PARLIAMENT BRIEFLY

monthly average for the year 1947.

Value of domestic merchandise exported during the month was \$235,400,000 compared with \$266,200,000 in December and \$208,600,000 in January, 1947. The month's export trade exceeded the monthly average for 1947 by \$4,200,000.

The overall commodity trade balance with all countries was favourable to Canada to the extent of \$33,000,000, compared with \$76,700,000 in December and \$36,700,000 a year ago. Favourable balance with the United Kingdom was \$43,400,000 compared with \$52,500,000 in December and \$36,300,000 in January, 1947. The debit balance with the United States was \$43,200,000 compared with \$33,900,000 in December and \$55,800,000 in January last year.

CHINA GRATEFUL: A message of appreciation for Canadian relief assistance to China has been received by the Canadian Ambassador in Nanking, Mr. T.C. Davis, from the Director-General of the Chinese National Relief and Rehabilitation Administration in Shanghai, Mr. P.H. Ho, the Department of External Affairs announces.

In a letter to Mr. Davis, Mr. Ho said:

"The closure of CNRRA operations gives me an opportunity to express to you, and through you to your Government, my appreciation and that of the Administration for the great contribution your country has made to relief and rehabilitation in China.

"The material contribution from your Government has been a large one, but of equal importance to us has been the work of the Canadian nationals who have worked shoulder to shoulder with us during the past two years. Some of these have been programme personnel, who have had an opportunity of serving directly with their Chinese colleagues and in this way they have added to the success of this aspect of our Programme, which is one that has always been very close to our hearts. We know that the pattern which we have worked out in this connection will be one which can be followed whenever foreign assistance is given to China in the future.

"I am sure you share my satisfaction with the establishment of the Trusteeship and the Rehabilitation Commission which will be in a position to continue the work of UNRRA and CNRRA in certain long-term projects."

MISS SCOTT WELCOMED HOME: Enthusiastic crowds thronged Ottawa streets when Miss Barbara Ann Scott arrived home from her skating triumphs in Europe.

There was a good deal of hatred abroad, Prime Minister Mackenzie King said at the civic lunch given in Miss Scott's honor but "Barbara Ann has shone forth like a bright star in a troubled world.

"You have given us courage and strength and

have made us realize the discipline and trials you have had to undergo", the Prime Minister remarked. "The road to success is the road of discipline. It has been in the nature of an inspiration".

Just two months ago when he wired congratulations to the skating star competing in the European championship in Czechoslovakia, no one could foresee the events which had taken place during the past week in that country.

"The mention of Prague suggests how quickly the scene has changed and it helps to bring to our minds also the contribution that Barbara Ann has made to the international situation", he added.

In Europe, Miss Scott won the European, Olympic and World figure skating championships for women.

IMMIGRATION TOTALS: Latest official totals of immigrant arrivals announced by the Immigration Branch of the Department of Mines and Resources show that 11,072 Displaced Persons had been welcomed to Canada by the end of February.

Of this figure, 3,432 people came to close relatives already residing in the Dominion, 400 were orphan children, and 7,240 were workers who were brought to this country in response to requests submitted by various industries.

The workers comprised the following groups: Domestic 1,264; wood-workers, 3,564; textile workers, 200; garment workers, 581; garment workers' dependents, 409; miners, 705; railway workers, 214; steel workers, 91; steel workers' dependents, 7; foundry workers, 64; hydro workers, 141.

Twenty-six per cent of the immigrants, or 2,830, are of Polish origin, the next largest racial group being Ukrainians, who numbered 2,620. Another large group were Lithuanian, their numbers totalling 1,614.

More than one-half of the Displaced Persons, 6,054, went to Ontario. Quebec received the next largest number, 3,058, and 920 have gone to Manitoba.

FOOD AND DRUG CONTROLS: Dr. C.A. Morrell, chief Dominion analyst and director of the food and drugs divisions of the Department of National Health and Welfare, has left on a six weeks' visit to the United Kingdom and Europe during which he will discuss with government officials abroad Canada's food and drug controls.

Several times in recent months, National Health Minister Martin reveals, Canada has had to refuse entry to imported goods because they did not conform to Canadian standards, regarded as among the highest in the world. By consultation with governmental control agencies abroad, it is hoped that Dr. Morrell may eliminate some of these difficulties and lessen the problems of international trading.

HOUSE DEBATE ON ADDRESS ENDS: Debate on Address in the House of Commons which began December 8 ended March 9. From time to time, since it began, the debate was interrupted to make way for emergency Government legislation.

The Address was adopted on a vote of 107 to 95 -- Government majority 12. Progressive Conservatives, C.C.F. and Social Credit members voted in the negative.

Earlier in the week, Mr. Speaker Fauteux ruled the Social Credit sub-amendment (C.W.B. March 5, p. 1) out of order on the ground that it was not relevant to the question on which the original amendment was proposed.

Mr. Low appealed and the Speaker's ruling was sustained by 107 to 89.

After further debate, the House divided on Mr. Brackett's non-confidence amendment. This was defeated by 101 to 85.

Mr. Shaw then again moved his previous sub-amendment, this time as an amendment to the main motion.

Mr. Speaker ruled it out of order on the ground that it was an encroachment on the Governor General's prerogative to recommend expenditures.

From this ruling, Mr. Low appealed.

The House sustained the Speaker by 108 to 74.

MAIN ESTIMATES TABLED

TOTAL OF \$1,985 MILLION: The Minister of Finance, Mr. Abbott, tabled the Estimates for the fiscal year 1948-49 following the close of the debate on the Address from the Throne. The total of these Estimates is \$1,985,146,060, which represents a decrease of more than \$131 million from the total Estimates submitted for the fiscal year 1947-48. Further Supplementary Estimates for the fiscal year now closing are still to be submitted to the House of Commons, and it may be expected that, in accordance with the usual experience, Supplementary Estimates for the new year 1948-49 will later be found necessary to cover requirements that cannot now be foreseen.

The principal decreases in the Estimates for next year as compared with the year now closing are to be found in the items for the Departments of Veterans Affairs, Reconstruction, Finance, External Affairs and Agriculture. They arise largely from the lower amounts required for food and cost of living subsidies, relief to Europe, and for the closing out and contraction of various demobilization and reconstruction activities, as well as a reduction in the number of veterans still drawing benefits, gratuities and re-establishment credits. The principal increases are to be found in the Departments of Mines and Resources, Health and Welfare, Revenue, Public Works and Transport, as well as in votes for government-owned enterprises. Major increases are associated with

higher old age pensions, more families receiving Family Allowances, more health services to Indians, an expanded Income Tax administration, expanded survey and mapping work, improved roads and facilities for tourists in National Parks, extension of Indian education, increased costs for operation maintenance, repair and improvement of public works, construction and improvement of airports and air services, and essential reconstruction of maritime ports.

EXPENDITURES CURTAILED

In his press statement on these Estimates, Mr. Abbott emphasized that the Government was curtailing its expenditures severely at this time, notwithstanding increases in the cost of goods and services it pays for, because of the need to hold in check the inflationary pressure of total expenditures, both private and public. Particular efforts were made in preparing and in revising the Estimates to keep to a minimum expenditures on construction and on capital equipment, in view of the excessive demands upon Canadian capacity in these fields and the need to conserve expenditure of U.S. dollars on imported equipment and materials. As a consequence, many public works and other important construction projects are being deferred until a later period when labour and materials will be more readily available for them. The only new capital projects included in the Estimates are those which are regarded as so urgent that they must be carried out at this time notwithstanding the scarcity of labour and materials and the desirability of deferring all works that can possibly be deferred. Expenditures are being permitted on the planning and design of construction and equipment projects whose execution is being deferred, in order that they may be carried out without delay when economic conditions are suitable.

CHANGE IN PROCEDURE

In the case of the Department of National Defence, a change has been made in the Estimate procedure which recognizes the fact that in this Department, particularly under current conditions, it is necessary to have commitment authority in excess of the amount that will probably be expended during the year. Under established practice, each vote in the Estimates not only sets a limit upon the expenditures for that purpose in the year but also upon the contracts and other commitments that may be undertaken which may require payment during that year, even though it may later turn out that payments were not in fact required. During the present fiscal year, for instance, the actual expenditures of the Department of National Defence are likely to fall slightly below \$200 million although the Estimates made provision for \$243 million. For the new fiscal year, account is being taken of

this probable difference between commitment authority and actual expenditures. Provision is therefore being made for a total commitment authority for the Department of National Defence of \$252 million for 1948-49, an increase of \$9 million as compared with the current year. This \$252 million includes \$4,000,000 for the winding up of War Activities as compared with \$22,000,000 for 1947-48. The probable cash expenditures for the year, however, are estimated at \$232 million, an increase of probably something more than \$30 million over the expenditures for 1947-48.

DEMOBILIZATION AND RECONVERSION

In the arrangement of the Estimates, certain items are still carried under the heading of "Demobilization and Reconversion", but these are now grouped directly with the other items under each Department, rather than grouped separately, as in the past two years. The total of such items is \$457,492,768, which compares with \$768,896,339 under this heading last year, but direct comparison of these totals is misleading, as certain items formerly classed under this heading are now regarded as of a continuing nature and classed as ordinary expenditure. The major items remaining under the Demobilization heading are Defence Services \$223,080,000, freight subsidies on feed grains \$7,750,000, quality premiums on hogs \$6,153,702, price control administration and subsidies \$21,990,040, veteran vocational training \$5,700,000, air surveys \$1,240,000, various housing and reconstruction items totaling \$66,329,993, and various gratuities, benefits and hospital improvements for veterans amounting in all to \$117,250,000.

DETAILS EXAMINED

Examination of the details of the Estimates reveals that a total of \$1,214,288,000 is, for all practical purposes, uncontrollable, the major items of which are as follows:

Interest on Public Debt and	
Other Debt Charges	\$ 455,656,000
Disability Pensions	
(World Wars 1 & 2)	80,014,000
Government Contribution to the	
Unemployment Insurance Fund..	17,000,000
Old Age Pensions and Pensions	
to the Blind.....	65,000,000
Other Pensions and	
Superannuation.....	14,564,000
Family Allowances.....	267,000,000
Care of Returned Members of the	
Forces, including Veterans'	
Land Act-	
General Services.....	95,667,000
Post-discharge Rehabilitation	47,500,000
Re-establishment Credits and	
War Service Gratuities...	59,500,000
Subsidies and special compen-	
sation to the Provinces.....	98,120,000
Maritime Freight Rates Act.....	5,280,000
Other Sundry Items.....	8,987,000
	\$1,214,288,000

If this total, as well as the Demobilization total noted above, is deducted from the total for the Estimates as a whole, it will be noted that there remains a balance of only \$313,365,000 to carry on administration and the many normal established services of government, including the services rendered to agriculture, the fisheries and other primary industries. This total also includes this year many items for maintenance and repairs that have been long deferred, as well as expansion of research and certain other government services regarded as urgently necessary, notwithstanding the general need for strict economy in government expenditures at this time and the elimination or postponement of all activities not presently required in the public interest.

POLISH ART TREASURES: The Secretary of State for External Affairs, Mr. St. Laurent, in the House of Commons, March 5, made the following further statement regarding Polish art treasures:

Mr. Speaker, I must crave your indulgence for referring again today to the matter of Polish treasures. I do not wish to prolong the controversy, but it is only proper that all the facts be placed before the public so that they may have their own views as to their proper interpretation.

Press statements have been called to my attention in which it is said that the Polish chargé d'affaires in Canada wrote to the Mother Superior of the Hôtel Dieu in Québec city stating, amongst other things that the services of the Royal Canadian Mounted Police had been placed at his disposal to recover the art treasures which were said to be stored at that place. I have no direct knowledge of this communication or of any other communications which the Polish chargé d'affaires may have addressed to private individuals in Canada. It is not true, however, that any undertaking was given to the representative of the Polish government in Canada, either orally or in writing, by myself or any official of the Canadian government, to the effect that the services of the Royal Canadian Mounted Police would be placed at his disposal. He was informed only that, in order that he and his solicitors might undertake any legal proceedings they thought appropriate, the Royal Canadian Mounted Police would be asked to endeavour to ascertain the location of the missing articles. In order that there may be no misapprehension on this subject, I am quoting the relevant part of the letter in which the chargé d'affaires of the Polish legation was informed of the location of the articles which had been stored in Québec City.

The portion of the letter, signed by the under-secretary of state is as follows--

Mr. DIEFENBAKER: What date?

Mr. ST. LAURENT I have not the date, but it was just as soon as we got the information that these articles had been located in the city of Québec. It states:

I have now been informed by the Royal Canadian Mounted Police that certain Polish art treasures which were brought to Canada by the Polish authorities in 1940 and which subsequently disappeared have now been located at l'Hôtel Dieu, Québec city, Que. The articles at this location are said to be contained in twenty-three trunks and one wooden box and to have been stored previously at the Redemptorist Monastery at Ste. Anne de Beaupre.

As we agreed with your solicitors, we are communicating the information to you for any further action you and your solicitors may wish to take.

FIVE-POWER CONFERENCE: Replying to a question asked earlier on Canadian representation at the Five-Power Conference in Brussels, the Secretary of State for External Affairs said in the House of Commons, March 5:

On March 1, Mr. Attlee announced in the House of Commons in London that the United Kingdom and France had recently made certain proposals to the Benelux governments on all the aspects of western union and that the Belgian government were arranging for conversations to open on the official level in Brussels on March 4, at which there would be preliminary discussions covering the general question of economic, social, political, and defence co-operation.

Since the meeting in Brussels has been arranged to afford officials of the five powers, the United Kingdom, France, the Netherlands, Belgium, and Luxembourg, an opportunity to discuss the general considerations involved, Canada has not been invited to attend, but in accordance with the usual practice, the United Kingdom government is keeping Canada informed.

DEATH OF JAN MASARYK: In the House of Commons on Wednesday, the Secretary of State for External Affairs, Mr. St. Laurent, commented on the death of Jan Masaryk, Foreign Minister of Czechoslovakia, as follows:-

"Mr. Speaker, the Canadian Government and I am sure the Canadian people were shocked and grieved to learn this morning of the death of Jan Masaryk, Foreign Minister of Czechoslovakia. As the son of the late president-liberator, Thomas Masaryk, he bore one of the greatest names in Czech history; indeed, one of the great names in world history.

"Jan Masaryk had seen his father's work crowned with success by the establishment of the republic of Czechoslovakia in 1918. He devoted himself to the service of that state and of the liberal democratic ideas it embodied for the twenty brief years of its independent existence. When Czechoslovakia was occupied by the Nazis in 1939, Jan Masaryk, with that courage and resource which always characterized him, carried on the struggle from abroad until Czechoslovakia regained that democratic freedom which she has once again so tragically lost.

"On behalf of the Canadian Government and people, I wish to express to the family of Jan Masaryk and to the Czechoslovak people our deep sympathy in their great loss. His contribution to the effort to establish a peaceful democratic world of free and friendly peoples will not be forgotten.

"In making this reference to that great patriot in this house, lest there be any misunderstanding I think I should take this occasion to say that in my view the Canadian Government and the Canadian people at large associate themselves in every respect with the declaration about the tragic events in Czechoslovakia which was made by the three great powers on February 26 last."

Mr. John Bracken, Progressive-Conservative leader, and Mr. M. J. Coldwell, both associated themselves with the Minister's statement.

EVIDENCE TABLED: The Minister of National Defence, Mr. Claxton, on Wednesday, tabled in the House of Commons the evidence taken by the 1942 Royal Commission on Hong Kong. Progressive Conservative amendments for the tabling of correspondence between the Canadian and British Governments on Hong Kong were rejected.

LETTERS OF CREDENCE: The Department of External Affairs announced Thursday that Mr. César Montero Bustamante presented today, to His Excellency The Governor General, at Government House, his Letter of Credence as Envoy Extraordinary and Minister Plenipotentiary of Uruguay in Canada. The Right Honourable L. St. Laurent, Secretary of State for External Affairs, was present.

Mr. Montero was presented to His Excellency The Governor General by Mr. Howard Measures, Chief of Protocol, Department of External Affairs.

Mr. Montero entered the Foreign Service of Uruguay in 1910 and was Consul General in France, Spain and the United Kingdom. From 1941 he was successively Chargé d'affaires for the Diplomatic Missions in the United Kingdom, Belgium, Norway, Poland and the United States of America. He was appointed in 1945 Minister Plenipotentiary at the Embassy of Uruguay in London, England. He was a Delegate of his country at the first session of the General Assembly of the United Nations.

PALESTINE PARTITION: In reply to a question in the House of Commons Wednesday by Alistair Stewart, Winnipeg North, the Secretary of State for External Affairs made the following comment on the policy of the Government respecting the partition of Palestine:-

"The present policy of Canada was announced by the Canadian Permanent Delegate to the United Nations in his statement to the Security Council on March 3. He indicated that Canada regards it as a paramount necessity that the Security Council should make every effort toward conciliation under chapter VI of the

Charter before considering enforcement measures under chapter VII:

If conciliation efforts should fail it would then be for the Security Council to consider what action should be taken in regard to the recommendations of the General Assembly of the United Nations relating to the partition of Palestine. The Canadian Permanent Delegate stated in conclusion that the position taken by Canada was not to be interpreted as in any way repudiating or abandoning the recommendations of the General Assembly. He intimated that this was a matter on which the Council should not take a decision until the five permanent members had reported on the results of their conciliation efforts, in which vitally important work they should enjoy the greatest possible freedom without being restricted by any prior decision.

COMMISSION ON KOREA: The Secretary of State for External Affairs, Mr. St. Laurent, said in the House of Commons Wednesday that he had asked Dr. George Patterson for a report on the meeting Tuesday in Seoul, Korea, where he is representing Canada on the Temporary Commission on Korea. Replying to Gordon Graydon (PC-Peel), Mr. St. Laurent said he would communicate Dr. Patterson's reply to the Commons as soon as possible. Dr. Patterson had not been given any instructions to walk out.

The Minister recalled how Canada at the United Nations had opposed the efforts of the United States to have elections held in May in South Korea only. Canada took the view that an election in one section of the country only would have the effect of partitioning Korea.

Mr. St. Laurent proceeded:-

"The United States resolution was approved by the Interim Committee. It appears that, on receipt of this information, the acting chairman of the Commission in Seoul (the chairman had not yet returned to Korea from Lake Success) informed the United States commanding general in South Korea, in the name of the Commission that it would accept the advice of the Interim Committee. An announcement regarding the date for elections was then made. Our representative on the Commission, Doctor Patterson, was not consulted in regard to this matter. There was no meeting of the Commission before the announcement was made. He was, therefore, instructed to seek clarification at the next meeting of the Commission of the action of the acting chairman and to maintain the position taken at Lake Success, namely, that the Commission should not accept the advice given to it in the United States resolution or associate itself with the conduct of elections in South Korea only.

Doctor Patterson was further instructed that, if the Commission did not support the Canadian view on this matter, he was to state that he could not participate further in its activities until he had received further instructions from his Government.

According to a press despatch from Seoul, Doctor Patterson withdrew from the meeting of the Commission yesterday. I have not yet received from Doctor Patterson a report of that meeting, but I expect one at any moment. We have asked him to despatch it as quickly as possible. I am not suggesting that there has been any undue delay, because these messages come in cipher and he has to do the work himself. He has no staff there to assist him in doing it. If Doctor Patterson confirms that the Commission has, in fact, in this manner decided to associate itself with elections in South Korea only, he will be instructed by cable to return at once to Ottawa for consultation, so that the Government will have the benefit of his first-hand information in deciding what its attitude should be in the light of the changed situation."

ADDRESS BY MR. ABBOTT: Concluding an address to the Empire Club of Toronto, on Thursday, Hon. Douglas Abbott, Minister of Finance, said:-

"Mr. Chairman, I trust that it may not appear to be boasting, if I suggest to you that when you wish to deepen your pride in Canada, all you need to do is to talk to the public men, the officials, the ambassadors of other countries, or better still, visit a few sessions of an international conference and see for yourself the role played by your own country's representatives and the respect in which they are held by their confreres. You will, I am confident, be thrilled and heartened as I have been after such experiences.

"This is a time, I believe, when it really does us good "to see ourselves as others see us". We need faith and confidence and courage; for we are at a critical point in the world's history and a transitional point in our own history. If my address has emphasized achievements, it is not as I have already said because I do not appraise at their true worth the failures of the past and the difficulties of the present. We live in a world perhaps as full of difficulties and dangers for any country as history records. We have also our own special difficulties. We have an exchange problem which has demonstrated once again how vulnerable our economic position is in its exaggerated dependence upon the U.S. for materials and equipment and upon Western Europe for markets. We have reached a stage in our national development when we must reduce this dependence and begin the building of a more virile and independent economy of our own. In a world flooded with the tides of war and post-war inflation, we have been able to minimize but not to avoid altogether the effects of that poison. We must continue our endeavours to avoid the worst distortions and dislocations which unchecked it tends to produce. We have still unsolved some of our political and governmental problems."

CANADA AT THE UNITED NATIONS

CONSULTATIONS ON PALESTINE: After a series of votes, the Security Council, March 5, adopted by eight to none, with three abstentions, an amended United States resolution calling on permanent members of the Council to consult on Palestine and report back within ten days.

The vote:

For: Canada, United States, China, France, Russia, Belgium, Colombia, Ukraine.

Against: None.

Abstentions: United Kingdom, Argentina, Syria.

The United States resolution, as amended and adopted by the Council, reads:

The Security Council,

Having received the resolution of the General Assembly of 29 November 1947, on Palestine, and having received from the United Nations Palestine Commission its first monthly report and its first special report on the problem of security in Palestine;

Resolves:

To call on the permanent members of the Council to consult and:

To inform the Security Council regarding the situation with respect to Palestine and to make as the result of such consultations recommendations to it regarding the guidance and instructions which the Council might usefully give to the Palestine Commission with a view of implementing the resolution of the General Assembly. The Security Council requests the permanent members to report to it on the results of their consultations within 10 days.

Appeals to all Governments and peoples, particularly in and around Palestine, to take all possible action to prevent or reduce such disorders as are now occurring in Palestine.

UNITED STATES - USSR CONSULTATIONS

During the lunch interval, consultations between Warren R. Austin (United States) and Andrei Gromyko (USSR) resulted in the first amendments to the United States resolution as originally submitted. These changes, as compared with the original text were:

1. Instead of establishing a Council committee, comprising the five permanent members, the resolution called on the permanent members to consult among themselves.

2. In paragraph 2 (a) of the U.S. resolution, the words are added: "With a view of implementing the resolution of the General Assembly", and the stipulation that the permanent members are to report to the Council within 10 days on the result of their consultations. (Par. 2A of the original U.S. resolution empowered the Big Five Committee to inform the Security Council regarding the situation with respect to Palestine and make recommendations).

Subsequent votes in the Security Council brought further amendments to the U.S. resolution. Under the U.N. Charter, decisions of the Security Council are made by an affirmative vote of seven members. Three paragraphs of the U.S. resolution however, failed to secure seven affirmative votes and were therefore rejected.

PARAGRAPH BY PARAGRAPH VOTING

The first vote came on the preamble which was adopted by eight votes with three abstentions:

The vote:

For: Belgium, United States, Canada, China, France, Ukraine, USSR, Colombia.

Against: None.

Abstentions: United Kingdom, Argentina, Syria.

Paragraph 1 was rejected receiving only five votes with six abstentions. This paragraph contained the acceptance, subject to the authority of the Security Council under the Charter, of the requests addressed by the Assembly to the Council in paragraph (a), (b) and (c) of the Assembly resolution on Palestine (C.W.B. March 5, P. 10).

The vote:

For: United States, Belgium, France, Ukraine, USSR.

Against: None.

Abstentions: Canada, Argentina, China, Colombia, Syria, United Kingdom.

Paragraph 2 (b) was rejected receiving only six votes with five abstentions. This paragraph called upon the permanent Council members to consider whether the situation with respect to Palestine constituted a threat to peace.

The vote:

For: Belgium, Canada, China, United States, Colombia, France.

Against: None.

Abstentions: United Kingdom, Argentina, Syria, Ukraine, USSR.

Paragraph 2 (c) was rejected on the same vote. This paragraph called upon the permanent members to consult with the Palestine Commission, the mandatory power and representatives of the principal communities of Palestine concerning implementation of the General Assembly resolution.

BELGIAN AMENDMENT REJECTED

The Belgian amendment to the U.S. resolution (C.W.B. March 5, P. 10) also failed to receive the necessary seven approving votes and was therefore lost. The first four paragraphs were rejected by five for, none against, with six abstentions. In each case, those in favour were Belgium, Canada, China, France, Syria. Those abstaining were Colombia, Ukraine, USSR, United States, United Kingdom, Argentina.

The last paragraph was rejected by four votes in favour to none against, with seven abstentions. On this vote, Syria joined the list of countries abstaining.

UNITED STATES STATEMENT: Following the Palestine votes in the Security Council, a spokesman for the United States delegation made the following statement:--

The Security Council indicated today that it was not willing formally to adopt the U.S. proposal that the requests in the General Assembly's resolution be accepted; the Council did declare its willingness to examine the means of implementing that resolution. Today's Security Council resolution prescribed a method of consultation among the permanent members of the Council with that end in view.

Today's resolution preserves, in effect, all the procedures for consultation and for inquiry into the situation in Palestine which were stated in paragraph 2 of the Original U.S. resolution. The language of the resolution as adopted is broad enough to comprehend points B and C of the second paragraph of the original resolution.

However, today's vote did remove from the original U.S. resolution its substantive proposals with the exception of the closing appeal for order.

ATOMIC ENERGY COMMISSION

SOVIET PROPOSALS DISCUSSED: The working committee of the Atomic Energy Commission concluded March 9 the paragraph by paragraph discussion of the Soviet proposals of 11 June 1947, for the control of atomic energy. The working committee returned to the study of the Soviet proposals and of the questions submitted by the United Kingdom to the Soviet delegation on these proposals and of the Soviet replies to these questions on 16 January 1948. It has devoted in all 7 meetings to this matter.

At its next meeting, on Tuesday, 16 March, the working committee will begin a discussion of the Soviet proposals as a whole. So far Richard Miles of the United Kingdom and Vasily A. Tarassenko of the Ukraine have indicated that they wished to state the attitude of their delegations to the Soviet proposals in general. Andrei A. Gromyko of the USSR, the current chairman of the working committee, will wind up the General discussion by a statement on the Soviet proposals as a whole.

The meeting on March 9 was devoted to discussion of the Soviet proposal on scientific research in the atomic field in connection with paragraph 8 of the Soviet document.

Dr. John D. Babbitt of Canada, the first speaker, said (reports the U.N. Press Service) that it was absolutely essential that no unnecessary restrictions impede the flow of scientific thought. It was imperative, he declared, that any control system should insure complete freedom to science. The Canadian

PUBLICITY FOR PEACE: The Swedish Minister for Foreign Affairs, Mr. Osten Unden, has written to all Sweden's associations of publishers, editors and journalists and also to the Swedish Radio Corporation and to the press bureaux of the political parties, drawing attention to the General Assembly resolution of November 3, 1947 which--

Condemned all forms of propaganda likely to provoke any threat to peace and

Requested each member government to promote, by all means of publicity and propaganda available, friendly relations among nations based upon the purpose and principles of the Charter (C.W.B. Oct. 31, 1947).

The resolution was submitted jointly by Canada, France and Australia to the General Assembly Political and Security Committee, and adopted by 56 to 0. The Assembly also adopted it unanimously.

Mr. Unden further says in his letter: "As the object of this resolution is that governments of states, members of the United Nations, should use all available means for publicity to establish friendly relations between the nations, I want in this way to draw your attention to the resolution accepted by the U.N. General Assembly".

representative considered the provisions on scientific research contained in the Soviet proposals as reasonable on the whole. Dr. Babbitt said that even if he did not agree that periodic inspection as provided for in the Soviet proposals was sufficient, he considered that under the Soviet scheme scientific research did not allow greater possibilities for evasion than under any other scheme.

Dr. Babbitt pointed out that the Soviet proposals did not provide for the International Control Agency to conduct research on atomic weapons. As already pointed out by the representative of France at the last meeting, he said, it might be necessary for the Agency to conduct such research so as to insure that no individual nation could produce atomic weapons of a type unknown to the Agency. With this reservation, declared the Canadian representative, he considered the Soviet proposals on scientific research as constituting a useful framework and he pointed out that, with very few exceptions, the ideas in the Soviet proposals in this field had been covered by the second report of the Atomic Energy Commission.

DR. CHARRON APPOINTMENT: Dr. K.C. Charron, for 10 years a specialist in industrial medicine in Tanganyika in East Africa, has just been appointed to the Industrial Health Division of the Department of National Health and Welfare, Hon. Paul Martin announced Thursday.